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1997 land sale doubt 'could hit market'

By FRANK CHOI

Developers fear the property market could suffer if legalities behind land sales and ownership beyond 1997 are not spelled out in the near future.

They want to know whether Britain or China will guarantee leases after 1997 for land to be sold in the period up to China claiming sovereignty.

Developers feel there are still many technical problems needed to be solved on the land issue in the Sino-British negotiations.

Unless these matters are cleared up soon the market and land sales will be hit, warn property sources.

Developers also want to know how China can authorise the British Government to sell land with leases beyond 1997 when its authority does not extend beyond sovereignty.

These were some of the issues discussed by local real estate developers at a recent meeting with officials of the local branch of the New China News Agency.

The NCNA was understood to have launched an opinion-canvassing exercise recently followed last month's visit of the British Foreign Secretary, Sir Geoffrey Howe.

It wants to know the opinions of professionals and businessmen concerning the three outstanding issues — land, civil aviation and nationality — which remain unsolved in the Peking talks.

It was learned that the NCNA had approached the Hongkong Real Estate Developers Association for comments on the land issue.

Property sources said the premium issue and the dividends on the land sales revenues for sites with leases beyond 1997 were not the major problems.

Their main concern was the legality of the land documents, which was also said to be one of the problems needed to be solved by the Sino-British talks, the sources said.

The sources said they wanted to know which government would be legally responsible in a dispute on land entitlements.

It was understood that the association only expressed concern on the various land issues without making any further proposals.

It is expected that the association will soon hold further meetings before submitting its final views to China.

It was learned that NCNA's consultation was centred on three major questions:

● The premium of New Territories land — whether the Heung Yee Kuk's proposal to exempt premiums for all New Territories land is a reasonable one.

● The handling of revenues obtained from premiums of land — whether the revenues should be deposited in banks to generate interest so that the money could be used as the fund for the future Hongkong government in 1997, or to allow the present Government to allocate the sum for the development of the New Territories.

● Different proposals on the payment of premiums for land on Hongkong Island and in Kowloon, south of Boundary Street, and how these proposals would hit the property market.